

Message Text

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14-11

ACTION ARA-10

INFO OCT-01 ISO-00 CIAE-00 PM-03 H-02 INR-07 L-02 NSAE-00

NSC-05 PA-02 PRS-01 SP-02 SS-15 AID-05 EB-07 CIEP-02

TRSE-00 STR-04 OMB-01 CEA-01 COME-00 OPIC-06 XMB-04

AGR-10 /090 W

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R 201912Z MAY 75 ZDK
FM AMEMBASSY TEGUCIGALPA
TO SECSTATE WASHDC 108
INFO DIA WASHDC
USIA WASHDC
AMEMBASSY GUATEMALA
AMEMBASSY MANAGUA
AMEMBASSY SAN JOSE
AMEMBASSY SAN SALVADOR

UNCLAS TEGUCIGALPA 02090

E.O. 11652: N/A

TAGS: PINT, HO

SUBJECT: CONTINUING REACTION TO INVESTIGATING COMMISSION REPORT

REF: TEGUCIGALPA 2066

1. THE NEWSPAPER DEBATE CONCERNING WHAT LEGAL CHARGES CAN BE CMADE AGAINST EX-MINECON BENNATON AND THE TELA RAILROAD COMPANY CONTINUES. TITO LIVIO TABORA, A FORMER MEMBER OF THE HONDURAN SUPREME COURT, IS QUOTED BY THE MAY 19 LA NOTICIA AS SAYING THAT THE CRIME OF "COHECHO" (PROFITTING FROM AN OFFICIAL POSITION) IS ONE WHICH THE LAW ALLOWS A FINE TO SUBSTITUTE FOR A JAIL SENTENCE. FOR 2,080 SEMPIRAS (US\$1,000) A PERSON CONVICTED OF "CHOECHO" CAN ESCAPE A JAIL SENTENCE. VIRTUALLY ALL THE LAWYERS INTERVIEWED BY THE PRESS AGREE ON THAT POINT. THE DEAN OF THE UNIVERSITY OF HONDURAS LAW SCHOOL, JOSE RAMOS, IS QUOTED BY LA NOTICIA AS SAYING THAT IF BENNATON REFUSES UNCLASSIFIED

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TO GIVE A POWER-OF-ATTORNEY FOR A REVIEW OF HIS SWISS BANK ACCOUNT, IT WILL BE EXTREMELY DIFFICULT FOR THE GOH TO RECOVER THE BRIBERY MONEY.

2. LA NOTICIA ALSO CARRIED AN INTERVIEW WITH JORGE FIDEL DURON, ADVISOR TO THE FOREIGN MINISTRY AND FORMER FINMIN. DURON COMPLIMENTED THE INVESTIGATING COMMISSION ON A JOB WELL DONE AND ADDED THAT THE LEGAL PROCESS WHICH NOW RESULTS FROM THE COMMISSION'S REPORT WILL BE LENGTHY. HE SAID THAT ALTHOUGH THE BRIBERY WAS COMMITTED BY UNITED BRANDS

AND NOT BY ITS LOCAL SUBSIDIARY, THE ELA RAILROAD COMPANY, FOR LEGAL PURPOSES THE GOH CAN CONSIDER THEM THE SAME COMPANY. THEREFORE, BOTH CIVIL AND CRIMINAL ACTION CAN BE INITIATED AGAINST THE LOCAL SUBSIDIARY. DURON EXPRESSED HIS OPPOSITON TO THE NATIONALIZATION OF THE COMPANY BECAUSE THE GOH HAS NEITHER THE PERSONNEL NOR THE CAPITAL TO OPERATE IT. HOWEVER, THE GOVERNMENT SHOULD CAREFULLY REVIEW ITS RELATIONSHIP TO THE COMPANY AND LEGISLATE A SYSTEM OF GREATER CONTROL.

3. EL DIA OF MAY 19 PUBLISHED A DECLARATION OF THE CHRISTIAN DEMOCRATIC PARTS URGING THE GOH TO CALL THE UB CONCESSIONS

IN HONDURAS. LA PRENSA ON MAY20 DEVOTED ITS LEAD EDITORIAL TO THE QUESTION OF THE NATIONALIZATION OF THE AMERICAN FRUIT COMPANIES. LA PRENSA CITED THE JORGE DURON INTERVIEW (PARA 2 ABOVE) AS AN EXAMPLE OF A PROPER SOLUTION TO THE PRESENT PROBLEM AND REPEATED THAT HONDURAS IS IN NO POSITION TO NATIONALIZE THE FRUIT COMPANIES. THE PAPER SAID THAT THE NEW CONTRACTS BETWEEN THE GOH AND UNITED BRANDS SHOULD NOT EXCEED 20 YEARS AND THAT HONDURAS SHOULD IMPOSE STRICT CONTROL OVER COMPANY ACCOUNTING AND ADMINIS TRATIVE PROCEDURES.

4. THE HONDURAN BAR ASSOCIATION, WHICH HAS FREQUENTLY COMMENTED ON THE UNITED BRANDS SCANDAL AND THE NEW MELGAR GOVERNMENT, WILL UNDERTAKE TO DRAFT A NEW CONSTITUTION THAT CAN BE USED WHEN HONDURAS RETURNS TO A CONSTITUTIONAL GOVERNMENT.
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